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SUBJECT: MALAYSIA FRAUD SUMMARY (SEPT 2008 - FEB 2009)

REF: 08 STATE 74840

11. SUMMARY: Malaysia is not a country associated with a high level of fraud in immigration and travel matters involving the United States. However Malaysia is a destination and transit point for many forms of illegal travel and human trafficking. The country, as a whole, enjoys a relatively high level of educational and economic opportunity for its citizens, and imports a large number of foreign workers to fill local jobs. The recent economic crisis has led to many layoffs, however, and calls for curtailing the entry of foreign labor. While these factors could cause some to seek better opportunities abroad, we believe the effect on the United States will be minimal. END SUMMARY

1A. Country Conditions:

12. Malaysia is a relatively prosperous country with an economy that runs the gamut from high tech industries to subsistence agriculture and everything in between. Formal unemployment is low and job opportunities relatively abundant. Most guest workers come from Indonesia, the Philippines and the Indian subcontinent, and are employed in low skill areas, particularly the agricultural and construction fields and as domestic servants. The availability of jobs and possibilities on the local economy has contributed to a low level of visa fraud. While the worldwide economic crisis is beginning to hit Malaysia, the country's long-term economic prospects remain good, and the current downturn is not likely to result in significantly greater levels of fraud.

13. Malaysia is a multiethnic and multiracial society, with ethnic Malays making up something over half the population, and citizens of Chinese and Indian descent and non-Malay indigenous groups making up the rest. Tensions between the groups have rarely erupted in violence, though non-Malays frequently complain about preferential treatment of Malays in many spheres. Ethnic minorities and the political opposition have increasingly challenged the race-based status quo over the past several years. Reportedly, there has been an increase in the out-migration of ethnic Chinese in recent years. However, we do not believe that perceptions of unequal treatment have been or will become a serious inducement to visa fraud.

1B. Non-Immigrant Visa (NIV) Fraud:

14. Post does not see a great deal of fraud in the visa process. Typically, fraud involves misrepresentation of an applicant's income, job or family circumstances, claims that may be supported by easily identifiable fraudulent financial documents or job letters. Less commonly, applicants will obtain fraudulent stamps in their passports to hide overstays in the U.S. The B1B2 category is probably the most prone to misrepresentation, but even so we have a 90% plus approval rate and a very low 1% to 2% overstay rate in this category. The largest group of overstayers is Malaysian-Chinese, a conclusion confirmed by validation studies. Our officers and FSNs are trained in recognition of documents or patterns indicative of fraud. We have two Mandarin speaking officers full time at interview windows; in fact our staff -- FSN and FSO -- speaks a total of 15 different languages, which enables us to meet the needs of our applicant population. We encourage student visa applicants, making college and high school outreach visits to provide visa application information and to humanize the face of the visa process. The number of student visa applicants has increased over the last several years and is now approaching levels not seen since the pre-September 11 time period. We see little fraud in this

category. Our approval rate for students is above 95%, and most of our refusals are third country nationals who cannot demonstrate ties to Malaysia.

1C. Immigrant Visa (IV) Fraud:

15. Our IV fraud revolves around applicants who have violated immigration laws in the past -- overstays, working while on a B1B2 visa or things of this nature. We see few cases of relationship fraud. Our IV workload is relatively low, only around 600 per year, enabling us to devote maximum time to verifying cases. Most of our cases are family-based and are reasonably easy to investigate in Malaysia.

1D. Diversity Visa (DV) Fraud:

16. Malaysia has very few DV applicants and has not experienced DV fraud in the last year.

1E. ACS and U.S. Passport Fraud:

17. In the last year we have investigated several suspicious passport and citizenship cases, but did not find any instances of fraud. We have not detected fraud in any other type of in ACS case.

1F. Adoption Fraud:

18. Malaysia has a very low rate of adoption, particularly by foreigners. There are two factors that keep the rate so low: (a) Islamic societies do not encourage adoption and specifically prohibit adoption of Muslim children. With a majority Muslim population, Malaysia has little history of adoptions by foreigners. (b) The availability of adoptable children is very limited, as families tend to take in the children of relatives who die or cannot support them. Our low level of adoptions makes it possible for us to fully explore and verify the cases we handle.

1G. Use of DNA Testing:

19. We have requested DNA testing in five passport cases over the past six months; in all cases the claimed relationship was confirmed. We have not requested testing in any IV or visas 92/93 case in the past six months, but have received a few requests from DHS to arrange and witness tests for them. Suggestion of the possibility of DNA testing has caused several applicants to reconsider their applications. There have not been any cultural problems with DNA testing nor are there any operational concerns with testing at Post.

1H. Asylum and Other DHS Benefit Fraud:

110. We process a handful of visas 92/93 cases. We have generally detected little fraud, though we recently returned a case for revocation because we believed the relationship was fraudulent. There is little demand for other DHS services, and we have not experienced any cases of fraud.

1I. Alien Smuggling, Trafficking, Organized Crime, Terrorist Travel:

111. Malaysia, like its neighbors, is a nexus for the illegal movement of people. The main transit point in Malaysia for illegal travelers is the Kuala Lumpur International Airport (KLIA). A variety of nationalities have used or attempted to use KLIA for document swaps. Imposters and travelers with fake or altered documents, including Africans, Europeans, Asians, Australians, and North Americans, have been detected. The Embassy regularly participates in airport interdiction exercises, working alongside airline personnel boarding flights destined to the United States to detect fraudulent activity. Immigration authorities recently told us they have begun regular patrols through these areas in an attempt to better detect and deter this activity. But a number of security holes remain at KLIA -- most specifically arriving and departing passengers use the same common areas and are able to mingle at will.

¶12. We benefit from good cooperation with other missions on trafficking and related issues. There are monthly meetings of fraud and airport liaison officers of like-minded missions in which issues of common concern are discussed and information on recent cases shared. Other countries stage regular KLIA interdictions where airport liaison officers observe and help check boarding documents. Post also participates with these missions in a variety of training activities for airline staffers and immigration officers.

¶13. On December 7, 2008 a Japanese Airlines ground agent detected a questionable passenger about to board a flight to Narita/Tokyo. The passenger presented an American passport to the ground agent along with a recently purchased ticket. As recently purchased tickets are a fraud indicator in Malaysia, the ground agent questioned the passenger about her travel plans. The passenger could not speak English, and when questioning began she left the check-in area and disappeared. Subsequent examination of her American passport revealed that the passport was stolen in July of 2006 in Toronto, Canada. The passport was photo subbed, but was of particularly good quality. The passport and relevant documents, including copies from PIERS of the original application and the passenger's routing information were turned over to our RSO for further investigation.

¶14. The city of Ipoh is the major source of illegal and falsified documents in Malaysia. Although passports are not commonly forged, many other documents and the national identity card can be obtained in Ipoh. We believe that most of the fraudulent financial and employment documents presented by our NIV applicants originate in Ipoh. RSO has an open investigation regarding over 100 B-1/B-2 recipients who used fraudulent documents associated with Ipoh from ¶2007.

¶J. DS Criminal Fraud Investigations:

¶15. The Consular Section and RSO work cooperatively on investigations, sharing information on a regular basis and participating jointly in activities such as the monthly diplomatic community fraud council meetings. RSO has been helpful in a number of instances providing crime trend data and information regarding stolen American passports. RSO has also worked with the Consular Section to develop a protocol with the Royal Malaysia Police for the investigation of counterfeit Malaysian government issued documents that come to our attention.

¶K. Host Country Passport, Identity Documents, and Civil Registry:

¶16. Malaysia produces civil documents with effective and appropriate security features. The Malaysian passport is machine readable and has several levels of anti-fraud protection. Malaysians are also required to have personal identification cards from an early age. It is possible that passports and identity cards have been issued to unqualified individuals through official corruption, but we have no clear evidence. However, blanks of both have been stolen in the past and sold for fraudulent use. The Malaysian government has embarked on an effort to issue passports more quickly and cheaply, which some fear will compromise the document itself (through abandonment of some anti-fraud features) and the issuance process.

¶17. We have detected forged entry and exit stamps in the passports of visa applicants, usually for the purpose of hiding previous overstays. Our FSNs have become entry/exit stamp experts, an excellent resource in detecting questionable stamps.

¶L. Cooperation with Host Government Authorities:

¶18. Cooperation with Malaysian Government Authorities often depends on which office or person one is dealing with. We have generally positive and mutually helpful relations with the Immigration staff at KLIA and with officers in the Home Ministry (Malaysian Immigration's parent agency). We conduct regular training and exercises at the airport, which has resulted in identifying fraudulent travelers and the discovery of altered or fake travel documents.

¶19. Overall, Malaysian efforts to counter immigration-related fraud are sporadic and of mixed effectiveness. Punishments under Malaysian law for immigration-related fraud, when committed by

Malaysians, tend to be comparatively light, including confiscation of passports and difficulty in obtaining replacements.

1M. Areas of Particular Concern:

120. We have no areas of concern beyond those discussed above.

1N. Staffing and Training:

121. Post does not have any full-time FPU employees; our deputy section chief is our designated Fraud Prevention Manager and is assisted by one FSN. Both have received FSI fraud training. Our part-time consular officer has airport liaison, immigration training and flight interdiction efforts as part of his regular duties. We have been successful in obtaining appropriate training for interested officers and FSNs, all of whom assist in anti-fraud activities. In addition, all consular staff receive an airport orientation and participate in flight interdiction on a regular basis, insuring that everyone is familiar with the fraud environment in Malaysia. Officers under the Singapore DHS OIC regularly visit Kuala Lumpur to conduct training at KLIA and advise Post on a variety of issues.

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